
FROM MULTILEVEL TO “MULTI-ORDER” GOVERNANCE?

Christian Leuprecht and Harvey Lazar

The majority of the world’s population now live in urban areas. Cities are where the best jobs are to be found and where migrant populations overwhelmingly settle. They are centres of science, technology, and innovation, of education, culture, health care, and many other services. They are increasingly and disproportionately vital to the well-being of the regions and countries in which they are located. Yet cities are also characterized by high rents and homelessness, drug-related problems, criminal gangs, pollution, difficulties in migrant settlement, and by aging and often inadequate public infrastructure.

Some urban challenges reflect the unique geographic and demographic characteristics of individual cities. Others, however, are similar from one city to another, and these often have a national and even at times an international dimension. The latter urban challenges are of special interest here. Local governments generally lack the money and jurisdiction – and at times the expertise – to manage effectively the most acute and expensive urban issues on their own. Traditionally, these have therefore been handled through various forms of partnership between local governments and governments at the regional and national level, partnerships that have for the most part reflected top-down constitutional and fiscal realities among levels of government.

This investigation is premised on the possibility that the ways of managing urban policy matters have been changing. Especially in larger cities, there is an assumption, not yet tested fully empirically, that many of the pressures that cities face are increasingly being managed through new forms of governance that entail multiple levels of government and other political actors – partnerships that vary according to the scale of the issue. These relationships are thought to be less hierarchical, less formal, and perhaps more egalitarian than traditional vertical forms of governance. These new kinds of governance arrangements are commonly characterized as “multilevel governance” or “networked governance” when non-governmental actors are heavily engaged.

1 PURPOSE AND SUMMARY OF FINDINGS

This volume has three purposes. The first is to ascertain the *nature* and *extent* of the multilevel/networked governance systems that different polities have developed for handling the major challenges faced by their cities. The challenges we

have in mind include such issues as the modernization of physical infrastructure, effective programs to facilitate migrant settlement, emergency preparedness and disaster relief, land management planning, and the promotion of tourism. In the face of changing technologies and a globalizing economy, it is often alleged that the decision-making powers of the state have shifted upward to the supranational and international level, downward to regional and local authorities, and outward from government to nongovernmental bodies, as the optimal scale for policymaking has changed (Brenner 2004). Have local governments' relationships with other orders of government and indeed nongovernmental actors grown or are they growing in relative importance? If so, what is the nature of these relationships? Second, to the extent that such systems of multilevel governance have evolved, we wish to assess just how effective this form of governance is in dealing with the urban challenges. Finally, we consider whether the trends that are emerging are consistent with democratic values and processes.

What did we learn? Our findings are based on the eight country studies that make up the rest of this volume. They include five federations, two quasi-federal systems (countries that do not describe themselves as federations but have many federal-like constitutional provisions), and one unitary country. In a nutshell, these country studies suggest that multilevel/networked governance of varying kinds is becoming widespread if not pervasive, with complex intergovernmental relationships involving international, national, regional, and municipal governments increasingly the norm. We also found, however, that this complex web of relationships among different levels of government is by no means a partnership of equals and that the role of non-governmental actors may be more modest than some of the academic literature presumes (e.g., Marks and Hooghe 2004). Across sixteen policy case studies (two in each of the eight country studies), the authors remark time and again on the hierarchical nature of the power relationships: city governments are polycytakers, not policymakers, with respect to national programs that significantly affect their jurisdictions. Their role in multilevel governance is generally to deliver services or administer programs whose character has been determined by national or even international processes over which they have little control. Thus, we end up postulating a gap between the normative argument for multilevel and networked governance and the observed reality.

As well, the case studies suggest that top-down governance is not very effective in relation to urban policies. Interestingly, Switzerland and France – the two polities where the country study authors report most favourably on the influence of local government in the making of national urban programs – apparently also have the best organized governance systems for managing these policy challenges. Both have complex intergovernmental systems which at times seem to approximate theoretical notions of multilevel/networked governance – at least, more so than the remaining case studies suggest.

Finally, the impact on democracy has been mixed. Notwithstanding the modest extent of local government's role at the multilevel decision table, in countries with a strong authoritarian or centralized tradition, robust local government is identified with the spread of democracy. Conversely, in some advanced industrialized democracies with a long tradition of democratic local government, multilevel

governance may actually be squeezing and threatening to stifle local government relative to what it once was.

We elaborate substantially on these findings in the penultimate section of this chapter. The country chapters tell the full story in the remainder of the volume.

2 COMPLEXITY AND INTERDEPENDENCE IN THE URBAN POLICY ENVIRONMENT

The investigation is premised on two separate but related propositions. The first holds simply that more levels of government are working more often with one another. The second proposition deals with the amorphous phenomenon of "governance." Although this term has been around for well over a century, its usage has proliferated since the mid-1980s. As Ulrich Beck (1992) and Anthony Giddens (1990) have observed, policymaking has in recent decades attained an unprecedented degree of complexity. This complexity is thought to require not only intergovernmental collaboration but also that non-governmental actors with relevant assets (such as knowledge, delivery systems, and legitimacy) be engaged in the policy process. This in turn leads to collective-action and coordination problems in an increasingly interdependent world. The compound effect of these phenomena is what some label multilevel governance. Assuming for the moment that growing multilevel governance is indeed a reality, we still can ask: Is this trend mainly the outgrowth of functional necessity – that is, the most effective way of managing complexity? Or is it inspired by a normative preference?

The term "multilevel governance" was pioneered in the context of the European Union, where it was initially meant to capture the "scaling-up" of the national state to the level of the European Union, that is, the voluntary abdication by member states of certain responsibilities to the emerging supranational structures of the European Union. In his contribution to this volume, Brown (drawing on Marks and Hooghe 2004) defines multilevel governance as "the condition of power and authority that is shared in institutional relationships in which the scope of public policy and the mechanisms of policymaking extend by necessity beyond the jurisdiction of a single government." The resulting system of government has been characterized as "[c]ontinuous negotiation among nested governments at several territorial tiers – supranational, national, regional, and local – as a result of the broad process of institutional creation and decisional reallocation that has pulled some previously centralized functions of the state up to the supranational level and some down to the local/regional level" (Marks 1993). It also has the potential of being "scaled out" to private and semi-private agencies (Marks 1996; Keil 1998; Le Galès and Harding 1998; Hooghe and Marks 2003).

While the European literature speaks of "multilevel governance," the American literature on public administration refers to "networked governance." This notion is clustered around two key concepts: patterns of interaction in exchange and relationships, and flows of resources between independent units (Jones, Hesterly, and Borgatti 1997). The contributions to this volume provide an empirical basis for testing the nature and extent of multilevel and networked governance

as it relates to policymaking and implementation in cities and the local sector more broadly.

When confronted with the evidence, we realized that, empirically, multilevel governance is a more controversial term than we had anticipated. We have therefore chosen to use language that is less value-laden. To this end, we distinguish between levels, orders, and spheres. Scholars interested in federalism often refer to subnational “orders” of government when they want to describe a co-sovereign status for constituent units that is equal to that of the federal or national order. By contrast, the notion of “level” denotes a hierarchical relationship. In other words, if we use either “multi-order” or “multilevel” governance, we end up tautologically presuming what we may – or may want to – find: either an egalitarian or a hierarchical relationship. The word “spheres” is more neutral. This explains our use of the word in the title of this book. A study of “spheres of governance” is meant to take a systematic look at the way governments and other players relate to one another and to discern proclivities – be they increasingly egalitarian or persistently hierarchical.

3 METHOD

This study employs a comparative critical case-study approach. Among the seven federal and quasi-federal entities, three are largely unilingual (Australia, Germany, and the United States) and three are multilingual states (Spain, Switzerland, and South Africa), with Mexico falling somewhere in between. Two of the eight are developing or transitional economies (Mexico and South Africa). The others are advanced industrialized democracies. Three of the European countries are part of the European Union (France, Germany, and Spain); one is not (Switzerland). The sample includes different forms of governmental systems, from varieties of Westminster-type parliamentary federations (Australia, Germany) to varying forms of presidential systems (France, Mexico, and the United States). It also includes classical dual legislative federations (such as Australia and the United States) and administrative federations (Germany and, to a degree, South Africa). The sample is thus representative with sufficient variation to allow for some generalization.

To facilitate comparative analysis that will allow us to control systematically for multiple independent variables, the country authors followed a research template designed to ensure that the same key questions were addressed for each country study. The template included the following factors: relevant constitutional provisions affecting municipalities; the range of municipalities’ responsibilities and functions; their fiscal position; how municipalities organize themselves to deal with the federal/national level; the scope and nature of municipal-federal/national interaction; whether and how municipal-federal/national relations are mediated by regional governments (constituent units variously referred to as states, provinces, cantons, or *Länder*); whether municipalities are bypassing federal and regional governments and engaging in international relations; and the political dimension of the relationship. The authors of the country studies also analysed

two policy issues from a list of possibilities that we presented to them – studies intended to illustrate the dynamics of the intergovernmental relationships and their effectiveness. Finally, the authors were asked to discuss recent relevant trends and to judge whether the system of multilevel governance (our template used the term “multilevel”), to the extent that it existed, was up to the task of meeting the policy challenges facing municipalities, especially larger cities.

In the remainder of this section, we elaborate on some of the hypotheses and questions that arise from this template. One question relates to the forces that may precipitate multisphere governance. As alluded to above, its development is generally assumed to be largely a function of the growing complexity of policy challenges coinciding with ever-greater interdependence both within and across national borders, and possibly also between governmental and non-governmental actors. On the one hand, to the extent that this assumption holds true, we may expect to find similar if not identical trends across our country studies. On the other hand, if the trend reflects a normative preference – as opposed to a functional necessity – we may anticipate differences in its extent and its manifestation.

There are, of course, reasons that may make multisphere governance normatively attractive to political leaders and scholars. First, it can imply a dispersion of power that is attractive to those who worry about the state becoming a Leviathan or simply too large to be administratively efficient in what it does. Second, some economists consider that multisphere governance is more economically efficient than alternative forms of governance because it allows for competition among governments, provided that each government spends only or largely the money that it raises through its own taxes and levies (Weingast 1995; McKinnon 1994). (We hasten to add that there is a contrary school that considers it more efficient for the federal/national sphere to collect more revenues than it needs, while local governments spend more than they collect. This is because the federal/national sphere is presumed to be more efficient in raising taxes and the local sphere more efficient in managing expenditure programs. Intergovernmental transfers are the result.) Third, the principle of subsidiarity normatively posits delegation of decision-making responsibility to the sphere of government that is closest to the citizen and is best positioned to carry out a particular task; thus, to local government, other things being equal.

Another question we wondered about it is whether systems of *administrative federalism* might be more likely to evolve into multisphere governance than systems of *classical* or *dual* federalism. The latter is premised on a clear division of legislative power between the national government and the governments of the constituent units. The United States and Australia – in fact, Anglo federations more generally – embody this approach. Each sphere of government is, in principle, responsible for making and implementing policy in its area of constitutional competence.

Germany, by contrast, exemplifies the administrative approach to federalism. Under this arrangement, most legislative powers are concentrated at the national level, with the role of regional constituent units being mainly to administer the law. The constituent units participate in the national legislative process through their involvement in the second chamber. France also falls under this rubric: as a

unitary country, it is, technically, a “pure” vertical system. Some other countries in our sample, such as Switzerland and Spain, combine elements of both systems.

The difference between the dual and administrative models is also reflected in the status of municipalities. In administrative federations, citizens seek services from the federal government at the city level, regardless of which sphere of government is actually charged with making policy decisions for that service. This tends not to be the case in dual systems.

We thus wondered whether this distinction between dual and administrative federalism would generate different degrees and forms of multisphere governance. It is plausible to hypothesize, for instance, that administrative federations might evolve into hierarchical forms of multilevel systems of governance more readily than dual federations, because the constitutions of the administrative federations already provide explicitly for hierarchical interdependent relationships. While functional necessity may also require governments in dual systems to become increasingly interdependent, the resulting relationships among the different spheres may entail less hierarchy than in administrative systems, since the dual systems constitutionally emphasize autonomy. Also, to the extent that such distinctions exist, we wondered whether urban policy tends to fare better under one or the other of these arrangements.

Similarly, differences between the European and Anglo *political cultures* may affect trends of governance. European culture tends to be more collectivist, while the Anglo culture tends to be more liberal-atomist and thus more focused on individuals than on communities. Political thinking in the Anglo culture tends to focus on checks and balances, as well as on markets; it is more skeptical than the European culture about delegating powers upward. This suggests that we may be more likely to find the more horizontal intergovernmental relationships commonly identified with networked governance in countries that share the Anglo political tradition.

In effect, our research template gives rise to questions about the political economy of the power relationships among different spheres of government. Ron Watts has written: “In virtually all federal and intergovernmental systems, financial relations have invariably constituted an important, indeed crucial, aspect of their *political* operation ... This political significance places financial relations between central and constituent-unit governments at the heart of the process of intergovernmental relations” (2003: 1–6). As intergovernmental fiscal relations was a key item in our research template, this enables us to test the Watts perspective from the broader multisphere point of view that includes local government.

4 FINDINGS

4.1 NATURE AND EXTENT OF MULTISPHERE GOVERNANCE AS RESPONSE TO MUNICIPAL/URBAN CHALLENGES

Our first purpose is to assess whether our sample polities have actually developed systems of multilevel or networked governance for policymaking and

implementation in relation to the major challenges faced by municipalities, especially larger cities. Based on the evidence provided in the eight country studies, the answer here is a "qualified yes." The considerations that support the "yes" part of our answer will be discussed first.

To begin with, in six of the eight countries – France, Germany, Mexico, South Africa, Spain, and Switzerland – municipalities are maturing constitutionally as a distinctive sphere of government. This recognition was not as widespread half a century or even quarter of a century ago. However, in the constitutions of the two federations most closely associated with the Anglo-American tradition – the United States and Australia – there does not appear to be a similar development.

Although the scope and nature of the constitutional changes vary considerably among the six polities, what they all have in common is recognition of the growing interdependence among spheres of government. For example, chapter 3 (s. 40) of the South African Constitution of 1996 recognizes local government as one of three spheres of government that are "distinctive, interdependent, and interrelated." It provides that municipalities must participate in national and provincial development programs and that "[d]raft national or provincial legislation that affects the status, institutions, powers or functions of local government must be published for public comment before it is introduced in Parliament or a provincial legislature, in a manner that allows organized local government, municipalities and other interested persons an opportunity to make representations with regard to the draft legislation" (154(2)). The modernized Swiss Constitution of 1999 introduces municipalities as a potential sphere for cooperation in the federal state, declaring that the Federation shall "take into account the possible consequences for the Municipalities" of its activities. In Spain, the Constitution recognizes a multilayered interdependent framework of governments, despite the identification of autonomy as a key principle. In France, the very first article of the Constitution defines the state as decentralized, thus bolstering the autonomy of local governments; the Constitution also recognizes that any sphere of government may initiate partnerships with other spheres. Article 106 paragraphs (5) and (5a) of the German Basic Law explicitly provide that a share of the revenues from income tax and the turnover tax belongs to the communes and Article 106 paragraphs (6) and (7) designate other revenue sources to the communes. These provisions demonstrate the Basic Law's recognition of the interdependence among spheres of government, including local government. In sum, the constitutions of the three federal/quasi-federal European systems covered in this volume recognize the increasingly multisphere character of governance, while the South African Constitution does so at least in part because it borrowed heavily from the German Constitution. Indeed, even the French Constitution, in what was once a top-down unitary state, now stresses the need for cooperation among all spheres of government, including local governments.

Second, institutional arrangements have emerged that afford municipal governments or their representative organizations a role on legislative, consultative, or advisory bodies with national and regional governments. The Australian Local Government Association has a seat at the Council of Australian Governments, a

body that brings together the Commonwealth prime minister and the heads of state and territorial governments. Local governments in South Africa are entitled to send ten members to the second parliamentary chamber, the National Council of Provinces, where they may participate *ex officio* in deliberations. In Switzerland, a tripartite agglomeration conference was established in 2001, consisting of the federal government, the Conference of Cantons, and the peak organizations for local government (the Swiss Union of Cities and the Swiss Union of Municipalities). In France, the Senate is made up of locally elected officials chosen by elected municipal council members. It is now normal for the central government to negotiate with regions and municipalities in drawing up contracts that span five to seven years. Spain also has an extensive system of intergovernmental interaction, including the national Commission on Local Governments, which is intended to serve as a catalyst for identifying municipal problems. In Germany, collaboration between the central associations of local government and the federal government is mandated in the standing orders of the federal ministries, as well as in the procedural rules of Parliament. These provisions state that the associations' representatives must be consulted at an early stage of the legislative process by the federal government and committees of the Parliament when there are legislative plans that affect local government interests. In Mexico, the federal government includes municipalities in three programs that are defined in its Constitution: the National System of Planning, the National System of Public Security, and the National System of Social Development.

In the United States, in contrast, there are no similar formal institutions designed explicitly to give voice to local governments and their representatives in national political decision making. Even on a less formal basis, at the political level, the relationship between the federal government and the cities is weak. There is, for example, no overarching multisphere intergovernmental body focused on national urban strategic planning. This leads Vogel to write that the "the federal partnership with cities has completely evaporated." He continues: "Increasingly, national policymaking is made without reference to the problems of cities and with little direct input from city officials." At the administrative level, however, there are ongoing multisphere governance arrangements all across the United States. For example, there are metropolitan planning organizations that include all spheres of government, local private interests, and citizen interests. These intergovernmental administrative arrangements are in significant measure "bottom up" and flat, and they focus on problem solving at the regional and local levels. This difference between the United States and the other polities is consistent with the distinctions drawn above between Anglo-American and European political cultures. It is also partly consistent with our hypothesis that systems of dual federalism may be less inclined to evolve towards relatively hierarchical multilevel governance than administrative federalisms and instead trend towards less hierarchical multi-order governance.

Third, in all the European cases and also in South Africa and Mexico, political parties have an integrative function that ensures that municipal interests are understood at the national level. This function is most apparent when national and municipal governments are constituted by the same parties.

Fourth, the accumulation of mandates, whereby politicians hold elected office at the local sphere while simultaneously serving at one or more higher spheres of government, helps to connect local governance to the national and regional spheres. As well, in the European countries in our sample it is common for national politicians to start at the municipal sphere, often as mayors of large urban agglomerations, and work their way up. The result is that many key national politicians are sensitized to municipal issues and are socialized into the workings of municipal politics. Brunet-Jailly stresses the importance of this factor in his chapter on France.

Finally, again harking back to the distinction between administrative and legislative federalism, in the polities covered here, local governments are increasingly delivering national (and often regional) programs, except in Australia and to a lesser degree the United States (where we must remember that there are still many programs mandated by the federal government, with and without funding).

While these reasons help explain our general observation about the development of multisphere governance and the rising importance of local government in it, they also explain the qualified nature of our affirmative observation. While being the administrative arm of other orders of government certainly affords local governments a substantial role in a multisphere governance system, municipalities generally do not have significant sway over national priorities or a major role in designing the broad contours of the national programs which they deliver. What influence they have is often restricted to issues of "deliverability." Local authorities, therefore, end up being relegated to "junior" partners in the emerging multisphere governance systems, with France and Switzerland as partial exceptions. This finding reflects constitutional and political realities, political party structures, and intergovernmental fiscal arrangements. Each of these explanations is discussed further below.

With respect to constitutional and political realities, Rowland characterizes the role of Mexican municipalities in the three national systems noted above as more or less "nominal." Agranoff makes clear that municipalities in Spain are constitutionally "subordinate" to the central government and the autonomous community in which they are located. (Indeed, the autonomous community determines the scope of local government's engagement in governance.) Brown observes that the Council of Australian Governments "essentially meets at the call of the federal prime minister." He continues: "Although it has been meeting regularly in the past several years, this federal dominance may limit the significance of local government having a seat on that body."¹ He also characterizes the Australian federation as an inverted pyramid with a "truly dominant" central Commonwealth government. Since the state capital is typically coincident with the largest city, Australian states are effectively capital city-states with the remaining territory as hinterland. Australian states serve as city-states "in the sense that they make all the truly strategic urban development decisions." Local government is left with "a smaller basket of goods and service provision" than is the case in most other federations. In South Africa, "the dominance of the national government is much in evidence," writes Steytler. He thus cautions that local governments risk being reduced to "mere appendages" of South

Africa's national government. Hrbek and Bodenbender use comparable language in declaring that local authorities in Germany are "under the threat of becoming little more than mere agents implementing tasks imposed and delegated by the federal and *Land* government levels."

The second above-noted reason for our qualification has to do with the way in which power is distributed within political parties. In vertically integrated parties it is typically much stronger at the national sphere than at the local. In effect, this means that vertically integrated political parties are not only a mechanism for transmitting local needs and priorities to the national sphere of the party; they are also a vehicle through which the national sphere can control the local elements of the party and thus municipal governments. This is not surprising. There is always more power at the national sphere than locally. Since locally elected officials often want to move up in the party hierarchy, it is politically difficult for them to challenge the leadership of the national party. This is the case, for example, in South Africa, where the power of the African National Congress at the national sphere can overwhelm local wings of the ANC. Indeed, mayoral candidates for the six metropolitan councils are determined by party headquarters. Similar propensities exist among political parties in some of the European case studies.

A third factor that helps explain the qualification to our observation about the development of multisphere governance systems has to do with the allocation of revenues in such systems. Typically, they are determined between national and constituent units through constitutional allocations, with the constituent units in turn determining which revenue bases should be made available to local governments. As a rule, this leaves local government short on own-source revenue and dependent on transfers from other spheres of government. Consequently, municipal government is typically cast in the role of financial supplicant in intergovernmental relations. In recent years, this has even been true in Germany, despite constitutional provisions that ensure municipalities a substantial flow of funds from designated revenue bases into municipal coffers.

The above reasons provide some of the general evidence and reasoning that helps account for the gap between "ideal models" of multilevel and multi-order governance and our sense of the empirical reality. There are other, more specific, explanatory factors that have also influenced our analysis. Asymmetry within polities is an example. The largest urban conurbations often have substantial professional competence. The opposite holds true for smaller cities and other municipalities. This detracts from the ability of the smaller cities to participate in national policy developments that affect them. In this regard, Agranoff observes a digital divide among Spanish local governments. Steytler notes that South African law recognizes municipalities with high, medium, and low capacity. Rowland stresses that in Mexico "urban municipalities tend to be more dynamic in terms of administration and governance than most rural ones." In Switzerland, Bächtiger and Hitz note that wealthy suburbs effectively resist amalgamations with core cities that are financially strained, resulting in important differences in communal capabilities.

Similarly, there is asymmetry among the countries in our sample. Multisphere governance is more advanced and prevalent in the European countries – whether or not they are members of the European Union – than in the rest of our sample. In part this may reflect the larger role of the state in Europe: the bigger the role of government, the greater is the functional need to plan its activities (see, for example, Dyson 1980). There is also a relatively more corporatist political culture in Europe compared with, say, the United States, Australia, and Mexico (see, for example, Berger, Hirschman, and Maier 1983).

All of these reasons help qualify the nature of our assessment about the trend towards multisphere governance. The development of multilevel/networked government systems is not a linear march of reason through history in the Hegelian sense. Functional necessity indubitably plays some role due to the growing complexity of the policy issues that the state must handle. In turn, this complexity may require more actors at the decision table. But the qualifications in our observations also suggest that the trend is by no means exclusively the result of an inexorable functional necessity, for the policy problems facing the United States or Australia are not all that different from those facing the other developed countries in our sample. Yet these two dual federations appear to have distinctive tracks. In Australia, the state governments continue to design and implement urban strategies, leaving local governments to get on with their relatively small set of responsibilities. In the United States, there are conflicting forces – for example, top-down mandates and fiscal incentives from Washington, on the one hand, and bottom-up administrative multipartner metropolitan planning, on the other. In the end, the trend towards multisphere governance may be as much a function of political culture and political will as of functional necessity.

4.2 EFFECTIVENESS OF MULTILEVEL GOVERNANCE IN RELATION TO THE MUNICIPAL/URBAN CHALLENGES

The second broad area of inquiry relates to the effectiveness of the multisphere governance systems in meeting challenges of urban policy and municipal policy more generally. We have decomposed this second question into three more precise queries:

- How effective are these systems of multisphere governance in fashioning national policies that meet the challenges of municipal policy, especially urban policy?
- Are municipal governments doing an effective job in delivering national and regional programs where the governance system assigns that task to them?
- Are municipal governments doing an effective job of designing and delivering policies and programs within their sphere of competence, whether constitutionally based, rooted in statute, or otherwise?

Beginning with the first of these questions, our sixteen policy case studies suggest several related conclusions. Not surprisingly, one is simply that it is difficult

to make broad generalizations about the effectiveness of the different multisphere governance systems in meeting the municipal and urban challenges. With this caveat, the policy studies suggest that the different governance systems are generally mediocre in achieving desired results, although some inevitably work better than others. Differences within each of the polities are also considerable as policies in rural municipalities often turn out to be less effective than those in their urban counterparts. The performance of multisphere governance across and within each of the eight states that make up our sample thus varies.

We noted earlier that most of the governance systems we studied are largely top-down, with municipal governments as the junior partner. Interestingly, and perhaps significantly, the two political systems in our sample where the authors are most positive about the effectiveness of multisphere governance, Switzerland and France, are also the ones where local influence on relevant national policymaking and implementation is most substantial. Specifically, local governments in these two countries appear to have a greater voice in making national policies that affect them than the other six do. Since it is often assumed that unitary states are more reform-capable than federal ones, by virtue of their centralized structure, the fact that we group France together with an unabashedly federal country such as Switzerland is salient, in that it suggests that a system's capacity for reform is not merely a function of its institutional antecedents.

While starting from vastly different points on the centralization-decentralization continuum (Switzerland being among the world's most decentralized federations and France having once been the archetypal centralized state), both now have complex intergovernmental systems that seem at times to approximate our theoretical discussion of multilevel/networked governance – at least, more so than our other country studies. As the relevant chapters make clear, the French and Swiss systems of multisphere governance are not always effective (as shown by the alienation and unrest in the poorer immigrant-populated suburbs of French cities and the fact that local officials in Switzerland feel excluded from the planning for national emergencies). Yet the chapters convey the sense that the evolving multisphere governance systems in their polities work relatively well and are possibly becoming more so over time. In the case of Switzerland, Bächtiger and Hitz write of an “integrative, relatively loosely coupled system of multilevel governance which tends to protect and forward municipal interests, while simultaneously avoiding policy deadlocks and subsequent suboptimal policy results among the three levels.” They relate this favourable assessment to the limitations on central government power in Switzerland, the relative clarity in roles and responsibilities among the spheres of government, and the absence of a German-like joint-decision trap.² In the case of France, Brunet-Jailly declares that “France has fashioned its own form of multilevel governance” and in “all social and economic policy fields all levels of government are tightly entangled and complementary,” with governance of matters of local significance functioning well. This success is associated with the fact that national leaders understand local concerns (because of linked role accumulation and the integrative function of political parties) and that local government now has standing – and “equal” standing in a practical sense – in intergovernmental negotiations.

At the other end of the spectrum are Mexico and South Africa. Both are emerging from political legacies of states where the party system could hitherto have been classified as hegemonic (Sartori 1976). Thus, in the case of Mexico, Rowland writes of a "stark and persistent reality of government failures – at all levels – in key issues such as poverty reduction, crime control, and environmental protection." Despite efforts to build the local sphere, it is the weakest part of Mexico's governance system, especially outside the largest urban areas. Regarding South Africa, Steytler describes it as an "important example of a recently engineered system of multilevel governance where local government plays a significant role in the governance of the country." But he also remarks that national municipal policy overregulates local government, so that the statutory framework created for municipalities is extremely complex and burdensome.

As for the United States, where the electoral geography of presidential and congressional elections once privileged large cities, especially in the Northeast and Midwest, in recent decades the balance of power has shifted to smaller urban areas, suburbs, and rural areas, especially in the South and West. Thus, Vogel argues that "fend-for-yourself" federalism and "coercive" federalism are now much more prevalent than the "cooperative" federalism of an earlier period. The implication of this situation, he declares, is that "no level of government is seriously addressing these problems in the cities, and for this reason, the current multilevel governance system must be judged poorly."

The multisphere systems of governance in Australia, Germany, and Spain seem to fall somewhere in the middle, not as effective as France or Switzerland but outperforming Mexico, South Africa, and the United States. In the case of Australia, in part because the national governing party is based on a broadly similar coalition of interests like the current Republican presidency in the United States, the Commonwealth government has chosen not to involve itself deeply in the big-city agenda. However, there is not the same policy vacuum in relation to the cities' agenda that Vogel finds in the United States, because, as noted above, state governments in Australia coordinate urban programs, directly running many public services that municipal governments provide elsewhere.

While Brown does not answer directly the question about how effectively Australia's top-heavy system of multisphere governance handles the challenges of urban and municipal affairs, he leaves the impression that the system works tolerably well. In part, this may be because of a relatively disentangled arrangement, where it is fairly clear which sphere of government has which responsibility and what financial resources are needed to accompany those tasks.

In the case of Germany, Hrbek and Bodenbender note that municipal governments, owing to their dual role as local self-government entities and as delivery tiers for other spheres of government, have traditionally accomplished a wide range of public tasks. But in recent times of financial stress, with ever-increasing interdependence among governments, the delegation of administrative tasks to the local tier without adequate fiscal resources has weakened the capacity of municipalities to carry out their tasks effectively. While the whole system is not entirely dysfunctional, the leeway granted to local politics in the framework of Germany's federal order remains very limited. In the end, the first step of the recent federalism reform changes nothing about this reality.

As for Spain, its multitiered system has been able to catch up with its creation of a late arriving welfare state along European social democratic lines and to provide a measure of regional stability through its autonomous communities. Local governments, under the supervision of national and regional governments, have by and large delivered the necessary public services but have not been at the core of Spain's political energy in making reform happen.

The second effectiveness-related question we posed was whether municipal governments were delivering national and regional programs competently where the governance system assigns them that task. In general, most of the chapters suggest that local government performs this role satisfactorily, though less so in Mexico and South Africa.

In all four European countries, local authorities are intended, among other things, to be a delivery agent for national and regional governments. This appears to be the intention in South Africa as well. This is much less the case in Australia, while in the United States the situation is somewhere between the European and Australian models. For Mexico, it may be premature to judge, but the converse appears to prevail, with state governments to varying degrees usurping spheres of administrative activity that the Constitution assigns to municipalities.

In three of the four European cases – France, Germany, and Switzerland – there is no hint of significant shortfalls in the delivery capacity of local authorities. As for Spain, the analysis suggests that the concern about delivery capacity is confined mainly to smaller cities. On the whole, in the European cases, it is fair to say that local governments are up to, or becoming up to, the task of delivering EU, national, and regional programs as part of the reality of multisphere governance on that continent. What is more controversial is whether appropriate financial resources are attached to these responsibilities. This dispute regarding the adequacy of local finances is subject to ongoing debate in all three countries, with the German case perhaps the most contentious.

Regarding the United States, there, too, the issue of delivery capacity at the local level does not emerge as a significant concern. However, as Vogel's case study of Hurricane Katrina demonstrates, this conclusion does not necessarily hold in emergency situations, where confusion about roles and responsibilities aggravated an already difficult situation. Of equal concern is the frequency with which Congress mandates action by the local and state authorities without adequate funds. It is not by accident that, historically, the concept of "unfunded mandates" has been taken more seriously in the American academic literature than in the comparable literature of other countries.

The divide between the delivery capacity of large cities and their rural counterparts that is found in Spain is amplified in Mexico and South Africa. This obviously has less to do with any deficiencies in the concept of multisphere governance than the fact that these two economies are less affluent than our other six cases.

In short, the main issue that emerges in the developed countries has to do with inadequate funding of mandated programs from the national and other spheres, rather than delivery capacity as such. This difficulty is found in dual federalisms, administrative federalisms, and unitary France. Moreover, the country studies provide no evidence of more profligate spending or irresponsible fiscal behaviour

by municipal governments in countries that rely relatively more on intergovernmental transfers, though in isolated instances, such as Berlin, this may be the case.

The third question that we consider in our analysis of the effectiveness of multisphere governance in meeting urban and municipal challenges is whether municipal governments are doing an effective job of designing and delivering policies and programs within their sphere of competence, whether constitutionally based, rooted in statute, or otherwise. Although this question was not put explicitly to the country authors in our research template, this emerged as an issue of growing concern from their analyses. In brief, the concern is that democratically elected local governments are becoming so constrained by the mandates being imposed from above that they lack the fiscal and administrative resources – and the political energy – to respond effectively to local challenges that are within their exclusive competence.

Constitutional protections notwithstanding, we already noted the concern that local governments in both Germany and South Africa risk becoming mere appendages of higher levels of government. A similar worry, though much weaker, emerges in the Swiss chapter. (The autonomy of Swiss cantons and their communes remains high compared with local governments in the other countries we covered.) In Mexico, local government remains in its infancy, so the risk there is not so much of losing innovative and administrative competence as in arresting any ability to develop it in the first place. Rowland observes that given some of the recent failures in Mexican governance, “it is becoming more common to hear calls for a return to centralized rule and a ‘firm hand’ on the part of national authorities.” A 2005 Spanish White Paper on Reform of Local Government argued for four general principles that should govern municipal power: autonomy, subsidiarity, flexibility, and proportionality (that is, the ability to receive funds or raise revenues proportionate to spending responsibilities). This suggests that these principles have been lacking locally, in contrast to the situation in the recently organized regional governments. In all these cases, to the extent that there may be a concern, it rests in worries about inadequately funded mandates and the lack of fiscal autonomy. Whether these trends continue – and, indeed, reduce the ability of local government to act effectively within its own sphere – is an issue worth monitoring carefully.

The American case has both similarities and differences relative to the countries discussed above. Vogel surmises:

There has been “*de facto* devolution” occurring in the United States over the last four decades (Kincaid 1999). Devolution was not a deliberate policy to bolster local autonomy. Rather, the federal government abandoned cities and their problems (Caraley 1992), changing the nature of urban politics (Eisinger 1998). Cities must now be more fiscally and administratively self-reliant. Local public management takes on increasing importance, leading urban managers to focus less on issues of social justice and racial equality and more on economic development and central city revitalization. Mayors in such cities as New York, Los Angeles, and Chicago have embraced the new public management policies to reduce costs, keep taxes low,

and create a good business climate, and are now being hailed as saviours of the cities (Savitch and Vogel 2005).

Washington's indifference to the big-city agenda does not mean that America's cities have been forgotten entirely. The federal government indeed continues to use them as delivery agents for the programs it mandates. In this sense, there is a similarity to the cases discussed above, especially since the mandates are often insufficiently funded and thus may stress cities financially. But since the U.S. federal government does not pretend to have an overall strategy for cities, preferring instead to connect to urban dwellers through programs for individuals such as social security and Medicare, overall urban leadership has been left to mayors. In this sense, tough love from Washington may in fact have strengthened the ability of city governments to succeed in at least some of their challenges. In effect, the decision of the federal government to withdraw from joint programs that had been part of the federal-local landscape in the 1960s has actually enhanced the autonomy of local governments and has led them to fill at least part of the void that might otherwise have been created by this disentanglement.

In contrast to the cases above, Brown points to the innovative quality of municipal government in Australia. Although its scope is considerably narrower than that enjoyed by local government in our other cases (and for this reason may be unique), municipal revenue sources seem stable and secure. This may help explain local government's good performance within its areas of competence. In the case of France, municipal governments, according to Brunet-Jailly, are "able to take up economic-development initiatives and set up tourism bureaus; they are responsible for local airports, seaports, and the building and maintenance of local roads ... they can manage public social housing ... all local schools ... as well as monuments of historical significance." These activities are not undertaken unilaterally but in cooperation with other spheres of government. French municipalities are as "reliant on other levels of government as those other government levels are on them," Brunet-Jailly writes and this networked system is working relatively effectively. In this regard, it is noteworthy that the French situation is the opposite of the Australian. The latter is based on the autonomy of the municipal sector whereas the former is based on interdependence among spheres of government. The important loose end in the case of France is the adequacy of municipal funding, a debate that has not yet been resolved to the satisfaction of municipal governments.

4.3 EFFECTS OF MULTILEVEL GOVERNANCE ON DEMOCRACY

The third broad question this chapter considers is whether and how the processes associated with multisphere governance influence democratic values and processes. Although the research template did not cover this issue explicitly, the country studies nonetheless provide some insights into it. Our main observation in this regard is twofold. On the one hand, the strengthening of local government in countries that previously had a strong authoritarian tradition (Mexico, Spain, and South Africa) or a centralized system (France) is identified with the spread of

democracy. The enhanced local role is associated with a dispersion of power that had formerly been concentrated heavily in the national capital or in a single political party that was itself highly centralized. In France and Spain, this dispersion is reflected in the end of administrative tutelage from the national capital.

On the other hand, in some European countries with a long tradition of local government autonomy (Switzerland, Germany), and where local government is effectively the constituent governmental unit that predates the formation of the nation state, multisphere governance may be reducing the effective freedom of action of local government. Even in the United States, the traditional Home Rule right of local self-government was affected by the centralizing tendencies of the twentieth century. In short, because the starting points for the countries in our sample differ widely, the impact of multisphere governance on democratic values and processes appears to differ as well. On the whole, however, at the macropolitical level, the spread of multisphere governance probably entails more gains than losses, because of the checks and balances it affords and because of its more deliberative and consensual approach to overcoming collective-action problems.

At the micropolitical level, the concerns that arise most often are that systems of multisphere governance frequently lack transparency, mute accountability, and have insufficient legislative oversight. The provision for referendums in Switzerland and the still expansive if shrinking scope of cantonal and local autonomy suggest that these concerns may be least worrisome in that country. Its weak party system, the independence of members of parliament, and the fact that there is role accumulation (municipal officials may also be MPs) further facilitates a relatively open process for consensual integration. In other words, concerns for transparency, accountability, and legislative oversight do not appear to be as great an issue in Switzerland as in the rest of our sample.

In the United States, a voluminous amount of information is made available through the publication of the proceedings of committees and subcommittees of Congress. At the same time, congressional oversight of the executive branch is weaker when the party that occupies the White House also has control of Congress. Some urban literature in the United States views the growth of public-private partnerships in the urban sphere as the ceding of state authority to non-transparent private interests for unclear public benefits.³ In the case of France, Brunet-Jailly cites Sassen's concern about "complexity and accountability" but claims that the mechanisms of governance that could make transparency a problem in France have not yet become a major issue in French political debate. Regarding Germany, the joint-decision trap has adverse implications for accountability partly because it engenders elite-driven solutions rather than grassroots public consultation. Agranoff notes in passing some concerns about transparency with respect to local government, but this issue does not emerge as significant in his study of Spain.

Our final observation with regard to the impacts on democracy concern the nature of the governance systems that our country authors encountered. As already noted, the broad thrust of their analyses suggests a relatively top-down system of multilevel governance rather than a flatter networked system. As also noted earlier, the case for networked governance is partly normative, suggesting

more players, less hierarchy, and a diffusion of power that some democratic theorists might applaud. Whatever the normative arguments, however, the evidence in this volume does not suggest the growth of an extensive system of networked governance for tackling the major urban challenges.

5 CONCLUDING REMARKS

We found multisphere governance systems developing in response to contemporary municipal and urban challenges in all of our country case studies. In light of the diversity of our sample, this suggests that the trend is at least partly a functional response to the growth of interdependence worldwide. At the same time, we found that the extent of the trend and the nature of the arrangements differ from one country to another, which suggests that normative preferences also play a substantial role in evolving governance systems.

A strong result of our research and analysis is that, notwithstanding important differences among the governance systems in our sample, they remain predominantly top-down and thus multilevel (in the sense that this term was defined above). Although in each system there are institutional mechanisms for local government to voice its views on national policies that affect its sphere (except in the United States, where political institutions play a smaller role), more often than not these voices carry little weight in the multilevel policy decision process. This is unfortunate, in that the analysis here suggests that the two countries with governance systems that are the least hierarchical in their treatment of municipal/urban government, namely those of France and Switzerland, may also be the ones that best manage these policy challenges. This suggests the possibility that policymaking and implementation in other countries could benefit from a less hierarchical approach. Such an approach would also enhance democratic values and processes. The evidence also suggests that the European countries in our sample have more mature multisphere governance systems than the other polities we studied. This is consistent with the idea that the European political culture is less suspicious of the state per se than the Anglo-American culture.

We also speculated at the outset that administrative federations might be more likely to develop additional top-down governance arrangements than systems of dual federalism. The evidence here, however, is too mixed to verify this hypothesis. The cases that substantiate the hypothesis at least to some extent include both Germany and South Africa, given the hierarchical nature of their systems of administrative federalism. The cases where the evidence seems to point the other way include France, where the trend is to decentralize its unitary state, while the Australian dual federalism system remains top-heavy.

Further, the country studies did not suggest that non-governmental actors at the local level are playing a large role in the multisphere policy process. In one sense, this is understandable, since our research template did not focus explicitly on this question. Yet the country authors raised many other issues that were not directly included in our template. If non-governmental actors were indeed significant in the process of policy development and implementation as suggested in

parts of the academic literature (e.g., Rhodes 1996, 1999) we should have expected to see more reference to their role in the country studies. We do not doubt that non-governmental actors are players in urban governance. But we would like to better understand the nature and weight of their role. Perhaps it is confined to helping resolve specific regional and local issues within established policy frameworks rather than in creating the frameworks, themselves. In any case, the silence of our authors on the role of non-governmental actors suggests that this is an area that merits further empirical study, with an emphasis on clarifying where non-governmental actors are influential and where they are not.

While local government may play only a small role in the policymaking process, it is nonetheless a crucial element of the multisphere system, because it is frequently counted on to be the delivery agent for national and regional programs. In this regard, the evidence here suggests that local authorities do a reasonable job administratively, with the largest urban areas generally possessing the widest range of professional skills. Without these local administrative capacities, the multisphere system would need to invent them. The analysis also indicates that local governments in Mexico and South Africa are still at an early stage of acquiring the requisite competence.

Fiscal arrangements that affect local governments' ability not only to deliver the programs mandated by national and regional governments but also to design and deliver programs within their competence are an important consideration in all of the systems. Typically, local governments are subject to fiscal arrangements that are contingent on constitutional frameworks that privilege national or regional governments. With some exceptions, they have few constitutionally entrenched own-source revenues. The imposition of unfunded and underfunded mandates on municipal governments is common in almost all of our cases, and in several they have been growing. Given the diversity among our country studies, this strongly suggests that this trend is mainly driven not by the specifics of the institutional arrangements but by a common desire at the senior spheres of government to claim maximum political credit with their voters for the least taxation they can get away with. In most of the countries covered, intergovernmental fiscal arrangements remain controversial. Municipal governments generally feel shortchanged by other spheres of government and are left without the fiscal resources they require to address urban infrastructure, emergency preparedness, and immigration settlement, or to deliver programs mandated elsewhere.

There are two distinct issues that are noteworthy here. The first is that everywhere there is a large fiscal gap between local governments and other spheres, which means that local governments spend more than they raise and they must rely on other spheres to fund the difference. For those who subscribe to the idea that this "soft budget constraint" may lead to excessive local spending, however, it should be noted that we could find no evidence to this end. Local spending, as a share of total government expenditures, has remained quite steady for the past two decades (OECD 2005), a noteworthy observation for those who claim that powers are being scaled down as well as up. This is not surprising. For one thing, other spheres of government (usually regional) typically require that local

governments balance their budgets. Local governments, as argued above, remain “junior.” Their room to manoeuvre financially is determined by other spheres of government that have the constitutional authority to establish the regulatory framework for local finance.

This brings us to the second issue. If municipalities cannot run deficits because of the financial rules imposed from above, it is hard to evaluate concerns about local fiscal needs. If there is indeed too little revenue available to the local sphere, this cannot be manifested in budgetary deficits, so it must show up in other ways, such as unsatisfactory physical infrastructure and inadequate local services. We are, unfortunately, not in a position to evaluate the adequacy of municipal infrastructure and services relative to the many other claims on taxpayers. We are thus unable to determine whether the programmatic and fiscal shortfalls that exist locally are of higher priority than the fiscal claims of other spheres of government. What we do sense, however, is that the process for determining the fiscal resources to be available locally is itself too top-heavy and that there is a need, within existing or amended constitutional frameworks, to make more space available for local fiscal needs to be understood and addressed in a fairer and more transparent fashion. This would not only improve the quality of local government: it would also help make local government more transparent and would facilitate accountability among governments in multisphere systems. In our own vocabulary, such changes would help make governance systems that are now heavily *multilevel* more *multi-order*.

NOTES

- 1 E-mail from Doug Brown to Harvey Lazar, 5 February 2007.
- 2 For more on the problem of the “joint-decision trap,” see Scharpf 1988.
- 3 Conversation with Ron Vogel, winter 2007.

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